

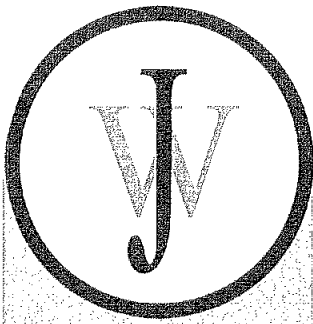
**Greater St. Stephen Ministries Housing
and Development Corporation
(a Non-Profit Organization)**

PROGRAM SPECIFIC

For the Year Ended December 31, 2011

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J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Greater St. Stephen Ministries Housing and
Development Corporation
New Orleans, Louisiana

We have audited the accompanying schedule of expenditures of federal awards for the HUD – Community Development Block Grant of Greater St. Stephen Ministries Housing and Development Corporation (a non-profit organization) for the year ended December 31, 2011. This financial statement is the responsibility of Greater St. Stephen Ministries Housing and Development Corporation's management. Our responsibility is to express an opinion on the financial statement of the program based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards under the HUD – Community Development Block Grant in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2013 on our consideration of Greater St. Stephen Ministries Housing and Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

J. Walker & Company, APC

Lake Charles, Louisiana
July 16, 2013

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Greater St. Stephen Ministries Housing and Development Corporation
Notes to the Financial Presentation
December 31, 2011

Note 1 – Nature of Activities and Significant Accounting Policies

Organization

Greater St. Stephen Ministries Housing & Development Corporation is a single asset corporation that owns and operates a large multi-family housing development in New Orleans East, referred to as Greater St. Stephen City. The agency was established in 1996 to provide low to moderate income families with attractive, well-maintained, safe, and affordable housing. Although GSSM Housing and Development Corporation is a separate corporation, Greater St. Stephen Full Gospel Baptist Church has significant influence over the corporation via common management and common board control.

Basis of Presentation

GSSM Housing & Development Corp's financial statements are prepared on the accrual basis of accounting, where by revenue is recorded when earned and expenses are recorded when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

GSSM Housing & Development Corporation has not received tax exempt status. However, their sole source of income is the federal grant included in this report which was spent in total. Therefore, no provision for income taxes is made in the accompanying financial statements.

Note 2 – Grants Receivable

The agency received funding from the U.S. Department of Housing and Urban Development through Community Development Block Grant funds provided to the Louisiana Recovery Authority (LRA) following the destruction of Hurricane Katrina. The program that this agency participated in is known as the Small Rental Property Program, which is focused on rebuilding the stock of one to four unit rental properties to address the housing needs of low to moderate income people in the most heavily damaged areas, speeding the recovery of entire neighborhoods and communities. As a result of receiving these funds, GSSM Housing & Development Corp. has made a commitment to make 50 percent of the renovated properties available to supportive housing occupants for a minimum of 20 years. The funds are considered to be an incentive loan which is non-amortizing and non-interest bearing for 20 years until such requirements previously mentioned as well as others are met.

Greater St. Stephen Ministries Housing and Development Corporation
Notes to the Financial Presentation
December 31, 2011

Note 3 - Subsequent Events

The agency has evaluated its December 31, 2011 financial statements through the date that the financial statements were issued, July 16, 2013 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

<u>Schedule of Federal Awards</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development Community Development Block Grant - Louisiana Road Home Assistance (LRA)	14.228		<u>\$1,251,225</u>
Total Expenditures of Federal Awards			<u>\$1,251,225</u>

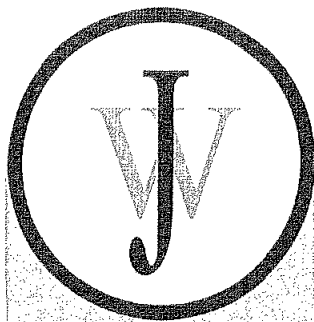
Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of GSSM Housing and Development Corporation under programs of the federal government for the year ended December 31, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of GSSM, it is not intended to and does not present the financial position, changes in net assets or cash flows of GSSM Housing and Development Corporation.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.



J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Greater St. Stephens Ministries Housing and
Development Corporation
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the schedule of federal expenditures of Greater St. Stephens Ministries Housing and Development Corporation (a nonprofit organization) as of December 31, 2011, and have issued our report thereon dated July 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater St. Stephens Ministries Housing and Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater St. Stephens Ministries Housing and Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater St. Stephens Ministries Housing and Development Corporation's financial statements are free from material

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misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2011-01.

Greater St. Stephen Ministries Housing and Development Corporation's Response to Findings

Greater St. Stephens Ministries Housing and Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Greater St. Stephens Ministries Housing and Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

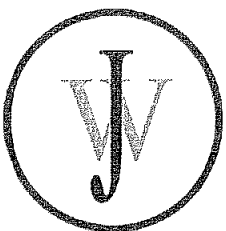
Purpose of this Report

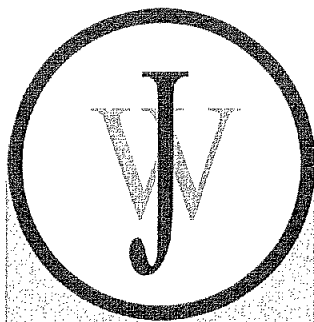
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Document Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

July 16, 2013





J. WALKER & COMPANY^{APC}

—••••— ACCOUNTANTS AND ADVISORS —••••—

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PROGRAM-SPECIFIC AUDIT OPTION UNDER OMB CIRCULAR A-133

To the Board of Trustees of
Greater St. Stephen Ministries Housing
and Development Corporation
New Orleans, Louisiana

Compliance

We have audited Greater St. Stephen Ministries Housing and Development Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its HUD - Community Development Block Grant for the year ended December 31, 2011. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Greater St. Stephen Ministries Housing and Development Corporation's management. Our responsibility is to express an opinion on Greater St. Stephen Ministries Housing and Development Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the HUD - Community Development Block Grant occurred. An audit includes examining, on a test basis, evidence about Greater St. Stephen Ministries Housing and Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Greater St. Stephen Ministries Housing and Development Corporation's compliance with those requirements.

In our opinion, Greater St. Stephen Ministries Housing and Development Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its HUD - Community Development Block Grant for the year ended December 31, 2011. However, the results of our

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auditing procedures disclosed an instance of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-02.

Internal Control Over Compliance

Management of Greater St. Stephen Ministries Housing and Development Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Greater St. Stephen Ministries Housing and Development Corporation's internal control over compliance with the requirements that could have a direct and material effect on its HUD - Community Development Block Grant to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greater St. Stephen Ministries Housing and Development Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

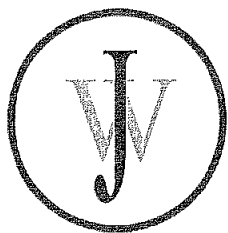
Greater St. Stephen Ministries Housing and Development Corporation's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Greater St. Stephen Ministries Housing and Development Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, the Louisiana Legislative Auditor, the federal awarding agency, and the pass-through entity and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

July 16, 2013



Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

I. Summary of Auditors' Results

a. Financial Statement

1. One control deficiency disclosed during the audit of the schedule of expenditures of federal awards is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
2. One control deficiency in internal control over major federal disclosed during the audit is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*. This deficiency is not considered material weaknesses.
3. The auditors' report on compliance for the federal award program administered by Greater St. Stephen Ministries Housing and Development Corporation expresses an unqualified opinion.

b. Federal Awards

4. Audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 are reported in Section III of this schedule.
5. The programs tested as major programs include:

Housing & Urban Development - CDBG	<u>CFDA Number</u> 14.228
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6. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
7. Greater St. Stephen Ministries Housing and Development Corporation does not qualify as a low-risk auditee.

c. Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2011.

Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

II. Findings – Internal Controls and Compliance

2011-01 – Late Report Filing

Condition:

GSSM Housing & Community Development Corporation did not submit report to the legislative auditor's office on a timely basis.

Criteria:

LSA-R.S.24.513 states that, "all engagements must be completed and transmitted to the legislative auditor within six months of the close of the auditee fiscal year."

Cause:

It is indeterminable as to why the audit was not engaged and submitted in a timely manner.

Effect:

The corporation was not in compliance with State Laws governing reporting requirements.

Recommendation:

Management must implement procedures to ensure that they are in compliance with the reporting requirements of the state.

Response:

See management's response letter.

III. Findings and Questioned Costs – Major Federal Award Programs Audit

Department of Housing and Urban Development – Community Development Block Grant Passed through Louisiana Office of Community Development (OCD) formerly Louisiana Road Home Assistance (LRA).

2011-02 – Timely Filing of Form SF-SAC & Single Audit Reporting Package

Condition:

GSSM Housing & Community Development Corporation did not submit report to the Federal Audit Clearinghouse on a timely basis.

Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

Criteria:

The audit shall be completed and the data collection form and reporting package shall be submitted by the earlier of either 30 days after receipt of the auditors' report or nine months after the end of the fiscal year end date, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

Cause:

It is indeterminable as to why the audit was not engaged and submitted in a timely manner.

Effect:

The corporation was not in compliance with reporting requirements of the Federal Government.

Recommendation:

Management must implement procedures to ensure that they are in compliance with the federal reporting requirements.

Response:

See management's response letter.

Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

IV. Summary of Prior Year Findings

2010-01 – Late Report Filing

Condition:

GSSM Housing & Community Development Corporation did not submit report to the legislative auditor's office on a timely basis.

Recommendation:

Management must implement procedures to ensure that they are in compliance with the reporting requirements of the state.

Current Status:

Unresolved, see finding 2011-01

2010-02 – Non-Compliance with the Davis-Bacon Act

Condition:

GSSM Housing & Community Development Corporation did not test the contractors' compliance with the requirements of the Davis-Bacon Act. It also does not appear to have included a stipulation that the contractor follow the Davis-Bacon Act in its contract with the construction company.

Recommendation:

Procedures should be implemented to ensure that compliance with the Davis-Bacon Act is being monitored and tested periodically by the corporation.

Current Status:

Resolved

2010-03 – Timely Filing of Form SF-SAC & Single Audit Reporting Package

Condition:

GSSM Housing & Community Development Corporation did not submit report to the Federal Audit Clearinghouse on a timely basis.

Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

Recommendation:

Management must implement procedures to ensure that they are in compliance with the federal reporting requirements.

Current Status:

Unresolved, see finding 2011-02

Greater St. Stephen Ministries Housing and Development Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

V. Management's Corrective Action Plan

2011-01 – Late Report Filing

Recommendation:

Management must implement procedures to ensure that they are in compliance with the reporting requirements of the state.

Corrective Action:

Management will take proactive steps to begin the audit process earlier in the fiscal period in order to give the auditor more time to complete the engagement.

Implementation Date:

July 16, 2013

Contact Information:

Ms. Donna Williams
Greater St. Stephen Ministries Housing and Development Corporation
5600 Read Boulevard
New Orleans, Louisiana 70127
(504) 244-6800

2011-02 – Timely Filing of Form SF-SAC & Single Audit Reporting Package

Recommendation:

Management must implement procedures to ensure that they are in compliance with the reporting requirements of the state.

Corrective Action:

Management will take proactive steps to begin the audit process earlier in the fiscal period in order to give the auditor more time to complete the engagement.

Implementation Date:

July 16, 2013

Contact Information:

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Greater St. Stephen Ministries Housing and Development Corporation
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